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TAGS: PREL EFIN JA KS KN AF
SUBJECT: POLICY PLANNING BILATERALS: ROK FM YU EMPHASIZES
KOREA-JAPAN TIES; MOFAT OFFICIALS LOOK FORWARD TO G-20
SUMMIT

Classified By: DCM Bill Stanton. Reasons 1.4(b/d)

¶1. (C) SUMMARY: Director of Policy Planning David Gordon met with ROK Foreign Minister Yu Myung-hwan and senior Blue House, MOFAT, and Ministry of Unification officials in Seoul on October 27. FM Yu told Gordon that trilateral U.S.-ROK-Japan policy consultations were important to both regional relations and the U.S.-ROK alliance. The ROK's relations with Japan, he said, were important despite the Liancourt Rocks territorial issue. Other senior MOFAT officials expressed interest in preparations for the G-20 summit on the financial crisis November 15, asked how many summit meetings this process would entail, and expressed support for the U.S. position, articulated by Gordon, that the summit would try to come up with principles that countries could use to guide their national financial architecture. Echoing FM Yu, DG for International Economic Affairs Choi Jai-Chul described Korea's intention to play a larger role in global affairs by expanding its official development assistance, contributing to the reconstruction of Afghanistan, and cooperating with efforts to address climate change. Deputy Foreign Minister Lee Yong-joon, Blue House Secretary for National Security Kim Tae-hyo, and Ministry of Unification DG for Unification Policy Kim Chun-sig provided assessments of the Six-Party Talks, inter-Korean relations, and the DPRK food situation. End Summary.

Foreign Minister Yu on Japan Ties, Global Role

¶2. (C) Director of Policy Planning David Gordon met with ROK Foreign Minister Yu Myung-hwan and several other senior Blue House, MOFAT, and Ministry of Unification officials in Seoul on October 27 in advance of trilateral U.S.-ROK-Japan policy consultations in Tokyo. Foreign Minister Yu told Director Gordon that President Lee Myung-bak regarded the trilateral consultations as an important element in improving regional relationships and supporting the U.S.-ROK alliance. Yu listed what he called steps that the ROK was taking to "gradually notch up" its involvement in global issues: a planned increase in official development assistance; hosting the October 31 Asia Pacific Democracy Partnership meeting in Seoul; and a decision to co-sponsor the EU's planned UN Third Committee human rights resolution on North Korea in November. Gordon welcomed these steps.

¶3. (C) Turning to Japan, Yu (former ROK Ambassador to Japan) said that many assumed that the ROK and Japan had "shaky or fragile" relations, but on the contrary, they were strong regardless of the territorial issue (Liancourt Rocks).

Recalling that Gordon had referred to "like-minded" countries meeting to discuss global issues, Yu said that Japan and the ROK were the most like-minded countries in Asia, both sharing democratic and free market values. However, Japan was in a difficult position in the Six-Party Talks because it was "obsessed" with the abduction issue which, although important, was not the main focus of the denuclearization talks.

G-20 Financial Summit Anticipation

¶14. (C) In a separate, earlier meeting, Deputy Foreign Minister Lee Yong-joon expressed thanks for Gordon's explanation of preparations for the November 15 G-20 summit on financial issues in Washington, and added that "some countries" now thought that the G-8 should be replaced by the G-20. Gordon said that the November meeting would not take up that issue, but was instead about principles, such as free trade, that countries should consider when addressing the financial crisis. Lee also said that some countries worried about a turn to protectionist policies in the U.S. if the Democratic candidate won the presidential election, and that worried him because the KORUS-FTA was important not just economically but also for the alliance.

¶15. (C) MOFAT DG for International Economic Affairs Choi Jai-chul further emphasized the importance of Korea's participation in addressing the financial crisis in the G-20 context. A step-by-step approach would be needed, he said, with short, medium, and long-term measures, and he welcomed

the U.S. interest in consulting with participants in advance of the meeting. Choi asked if the U.S. had any idea how many summits would be held in this process; Gordon responded that the U.S. did not have a fixed number in mind at this point, but it seemed clear there would be more than one. Gordon explained that since individual countries would not all respond to this crisis in the same way, we would be looking for principles to guide the new financial architecture, built around free markets, open trading systems, and the notion of including new financial centers as well as the traditional ones. Choi commented that this seemed like a practical approach.

¶16. (C) Deputy Minister for Planning and Coordination Lim Jae-hong separately pointed out that while the Ministry of Finance would be the lead ROK agency for the G-20 meeting, Foreign Minister Yu had told senior MOFAT officials that they should develop Ministry positions on the financial crisis and push for a broader role in responding to it. Finding ways to restore confidence in financial institutions and markets would be crucial, he added, as Korea's economic fundamentals were strong. Over lunch, DG for Policy Planning Noh Kwang-il said success of the G-20 summit was especially important given that the ASEM conference had concluded in Beijing the previous week with no concrete results.

Regional Concerns, A Global Role

¶17. (C) Asked about Korea's concerns within Northeast Asia, Deputy Minister Lim pointed to the rise of China as the development foremost on Korean minds. Both the ROK's military relationship with the U.S. and its economic relationship with China were important, he said, so balancing these areas of interest was a key challenge.

¶18. (C) For his part, DG Choi echoed many of the points FM Yu had made about Korea's desire to play a more prominent global role. As a past recipient of international assistance, he explained, the ROK planned to expand its own official development assistance, despite limited resources. Korea would like to learn more from U.S. experience with development assistance as it expanded its focus to areas

outside the region.

¶19. (C) The ROK further wanted to be involved in a variety of international efforts, Choi continued, including reconstruction in Afghanistan and cooperation to address climate change. DG Choi responded positively to Gordon's suggestion of a gathering of like-minded nations spanning three continents to discuss these types of issues. Just as the U.S. could be a bridge between Europe and Asia, he said, Korea could serve as bridge connecting the developed and developing worlds.

Looking North

¶110. (C) Asked his views of the Six-Party Talks, Deputy Foreign Minister Lee (former DG for Nuclear Affairs) said that he expected the delay in scheduling the next round of the Talks to continue for some time, because the Chinese, as hosts, would want to be convinced that there were grounds for progress before setting a meeting date. Lee said he did not believe the DPRK had changed its view of what verification measures were acceptable as a result of the October agreement with the U.S. Lee added that after years of working on the DPRK denuclearization issue, he regarded some countries, namely China, as more interested in keeping a negotiation process going than really solving the problem, as the U.S. and ROK were resolved to do. He said the problem with a drawn-out approach to the issue was that, in the meantime, the DPRK was able to remain a nuclear power, which was its goal. He agreed with Gordon, however, that the DPRK's October 2006 nuclear test had prompted China to become more active.

¶111. (C) Secretary to the President for National Security Strategy Kim Tae-hyo told Gordon during a morning meeting at the Blue House that he believed Kim Jong Il would remain in power for another one to five years. The odds of him

appointing one of his sons as successor or allowing a collective leadership to emerge were equal, he said. Either scenario would create opportunities for the ROK to engage the DPRK. A transition would, however, involve uncertainty and the U.S. and ROK, despite a shared strategic vision for the reunification of the Korean peninsula, should consult more closely to clarify respective roles in responding to possible contingencies arising from a leadership transition.

¶112. (C) The U.S. and the ROK should work together to prevent China from taking advantage -- particularly militarily -- from uncertainties stemming from a leadership change in Pyongyang, Secretary Kim added. Both countries could do more to engage China bilaterally, with an eye toward trilateral talks when China was ready. The ROK, Kim said, would begin early next year a new semi-official effort with specialists and think tanks to brainstorm with Chinese counterparts on DPRK leadership transition contingencies and likely responses from neighboring countries.

¶113. (C) Because the North Korean leadership believes that the DPRK's nuclear program is its only leverage with the international community, Kim said he did not anticipate any change in the DPRK's nuclear strategy in the foreseeable future. Only when the North Korean elite thought it was "in their life and death interest" would they give up the nuclear program, something Kim did not see happening in the next five years. The ROK would, however, maintain its commitment to the Six-Party Talks because it was the only mechanism for managing North Korea's plutonium problem. At the same time, Kim said, the DPRK's uranium program continued unaffected and therefore another mechanism was needed to address the uranium problem.

Food Aid, North-South Relations

¶14. (C) Secretary Kim said that, according to the ROKG's assessment, North Korea's recent harvests were good and that the DPRK was "bluffing" about a food crisis. Nevertheless, he said, the perceived lack of food in the north had influenced South Korean "lefties, liberals, and religious groups" to pressure the ROKG for more food aid to the North. Kim said increased commitments of ROK aid were dependent on progress in the Six-Party Talks on DPRK denuclearization verification, about which he was not optimistic.

¶15. (C) Ministry of Unification (MOU) Director General for Unification Policy Kim Chun-sig, in contrast, emphasized the ROK position that, despite hostile rhetorical attacks by the DPRK on the Lee administration, the ROKG was ready to cooperate and willing to provide food assistance once North Korea returned to inter-Korean dialogue. DG Kim stated that the Lee administration was unlikely to depart from its current "mutual benefits and common prosperity" policy regardless of how much the DPRK attempted to influence the Lee administration through harsh criticism. Although the inter-Korean dialogue stopped in March 2008, inter-Korean people-to-people exchanges had in fact increased significantly, Kim said. According to MOU records, cross border visitors had increased 38 percent and the number of companies in the Kaesong Industrial Complex (KIC) 83 percent compared to September 2007. Kim underscored the importance of economic cooperation between the two Koreas for an eventual peaceful reunification.

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